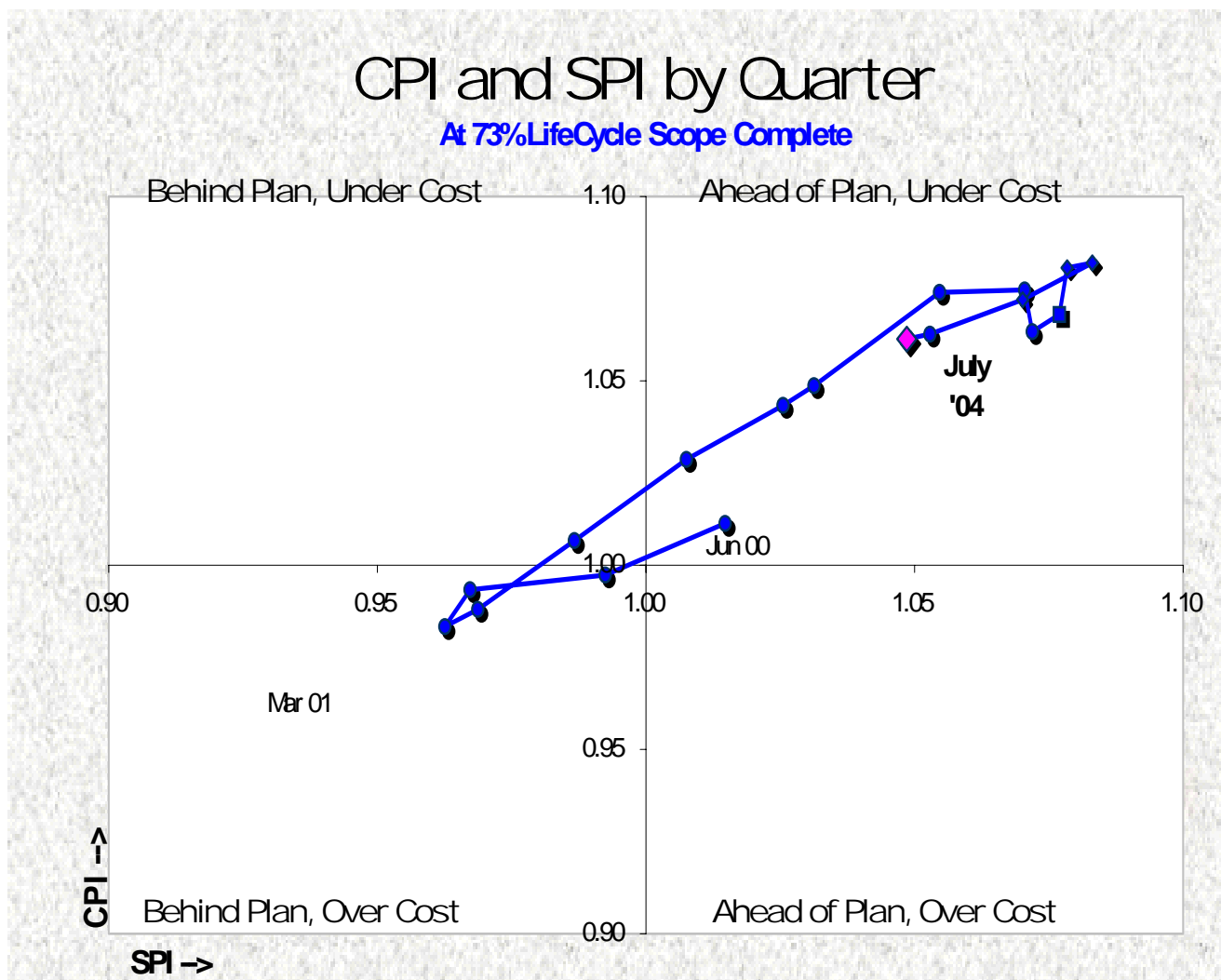


ROCKY FLATS

Monthly Project Report

FY04

July, 2004



Monthly Project Report Rocky Flats

July 2004

Executive Overview

In General: The Closure Project is 73% complete against the contract baseline, and is significantly below estimated cost and ahead of schedule. K-H continues its emphasis on working safely and maintaining compliance with procedures to ensure safe operations.

Key Accomplishments: D&D activities remain on or ahead of schedule as critical closure work progresses in the nuclear buildings and on the south side of the Industrial Area. Five reportable structures were completed in July; six additional structures including tanks and valve vaults were also removed and disposed. The Waste program shipped approximately 580m³ of TRU, 18,000m³ of Low Level, and 560m³ of Low Level Mixed Waste this month. Field characterization sampling was completed for one IHSS Group; B439, and remediation of trenches 6 & 8 was completed.

METRIC	
Safety:	NTS Reports: 2 Events of "Significant Concern" or above: 1
<i>Bears Watching</i>	<u>Offsite Hospitalizations: 0</u> <u>Rad/Haz Transport Incidents: 1</u> <u>Lock-Out-Tag-Out: 0</u> <u>Other Events: 1</u> <u>Contaminations: 1</u>
Cost Variance:	Cumulative Cost Variance = +6%, +\$169M out of ~\$2,903M BCWP_{CUM}
<i>On Plan</i>	<i>LIFECYCLE: 73% of target scope completed; 69% of target cost expended.</i>
Schedule Variance:	Predetermined Work Activities SV = +68% ,+\$235M <i>LIFECYCLE: 30% of scope scheduled; 51% of scope completed.</i>
<i>On Plan</i>	Traditional Schedule Variance = +5%, +\$134M <i>LIFECYCLE: 69% of scope scheduled; 73% of scope completed.</i>
Critical Path	CP = B371 D&D, ER activities Estimated Completion Date: December 15, 2006
Completion Date: On Plan	The critical path continues to involve B371 D&D followed by site grading. The lack of a receiver site for all orphan waste is causing concerns related to the demolition schedule of potential on-site storage locations. This may begin to affect the critical path. 65% (54 months) of contract duration elapsed.
Current CP: On Plan	
Key Milestones	Closure Activities: Five reportable structures, were completed in July; B706, 770, 771B, 881 and 887. Six additional structures including tanks and concrete pads were also removed and disposed. Major decontamination efforts continue in B-444/447, and B883. Field characterization sampling was completed for one IHSS Group; B439. Continued 903 outer Lip Area Remediation, and completed geotechnical sampling and hotspot removal at the original landfill.
DNFSB: none remaining	RFCA Milestones: All milestones scheduled for completion in FY 2004 are completed.
RFCA: 2004 complete	
GFS/I	GFS/I requirements are being met and/or are in process except as noted here: Need DOE receiver site for Low Level Mixed Waste Orphans (between 10 and 100 nanocuries/gram).
Status: On Plan	
Forecast: Bears Watching	

Monthly Project Report Rocky Flats

July 2004

Executive Summary

Contract Status

TC: 3.973B (Original: 3.963)

TF: \$340.8M (Original: \$340M)

TCD: 15 December 2006

Penalty Assessment

A Fee Penalty was issued July 19, 2004 for \$100,000 related to electrical safety incidents. To date, five fee penalties have been issued under the terms of this contract with total penalties equaling \$610,000.

Requests for Equitable Adjustments (REAs):

The National Emergency REA remains under HQ review.

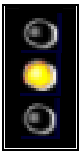
Pending REA's: ~ \$16.4M

~ \$16.4 million: National Emergency (2002 – 2003 Costs)



Critical Path

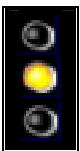
The Critical Path continues to run through B371 D&D activities, followed by site grading. RFPO is monitoring the critical path and near critical path activities resulting from the contractor's accelerated schedule. The lack of a LLMW receiver site for certain wastes (between 10 and 100 nCi/g) activity is being monitored for proximity to the critical path.



GFS/I Performance

Most requirements have been and continue to be met. The key remaining issue is the identification of disposal sites for LLMW between 10 and 100 nCi/g activity.

After the Hanford ROD was issued in June 2004, Rocky Flats shipped 109 drums of LLMW (>10 nCi/gm) from the treatment/storage facility to Hanford. Subsequently, the State of Washington sued the DOE in July 2004 to prevent waste shipments to the Hanford Site. The DOE has voluntarily curtailed waste shipments to Hanford until after the court hearing in the fall of 2004. The Site continues to evaluate options for these and other "orphan" waste streams to remove all radioactive waste from the Site in support of the closure plan.



Safety

1 Events of "Significant Concern" or Above

2 Site Noncompliance Tracking Reports

Offsite Hospitalizations: 0

Rad/Haz Transport Incidents: 1

Contaminations: 1

Lock-Out-Tag-Out Violations: 0

Other Events: 1

Contaminations: B776 D&D worker received 420 dpm contamination on index finger when glove tore while taping electric cord to the vacuum hose of a floor shaver unit.

Transportation: WIPP shipment involved in traffic accident near Roswell, New Mexico. No damage to packages or injuries to personnel.

Other: Contact made with overhead 110V power line by a trash truck emptying a dumpster at B664. No electric shock or damage to power line, classified locally as an event of significant concern.

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Cost Performance



Cost

Cost Variance +6%, +\$169M

LIFECYCLE: 73% of scope completed; 69% of target cost expended

The Cost Variance on the Project remains significantly positive, with about \$169 million in cost savings accumulated since the beginning of the contract. Cost variance for contractual activities decreased \$148K this month, remaining at a positive 6% variance (5.9% to 5.8%) against the baseline plan. Positive cost variances continue to be concentrated in PBD E, Industrial and Site Services Project, and PBD G, the Environmental Remediation Project where accelerated D&D and IHSS remediation are resulting in significant cost savings. The majority of the negative variance is located in the 371, 707, and Material Stewardship Sub-projects.

In the 371 Project, \$6M in workscope took more than \$10M to complete. Currently contributing to the deterioration of the cost variance is the productivity in the building's highly contaminated dismantlement sets (Canyons and Central Storage Vault). This month, it cost \$9M to do \$5M worth of decommissioning work. Activities in this PBD continue to dominate the critical path.

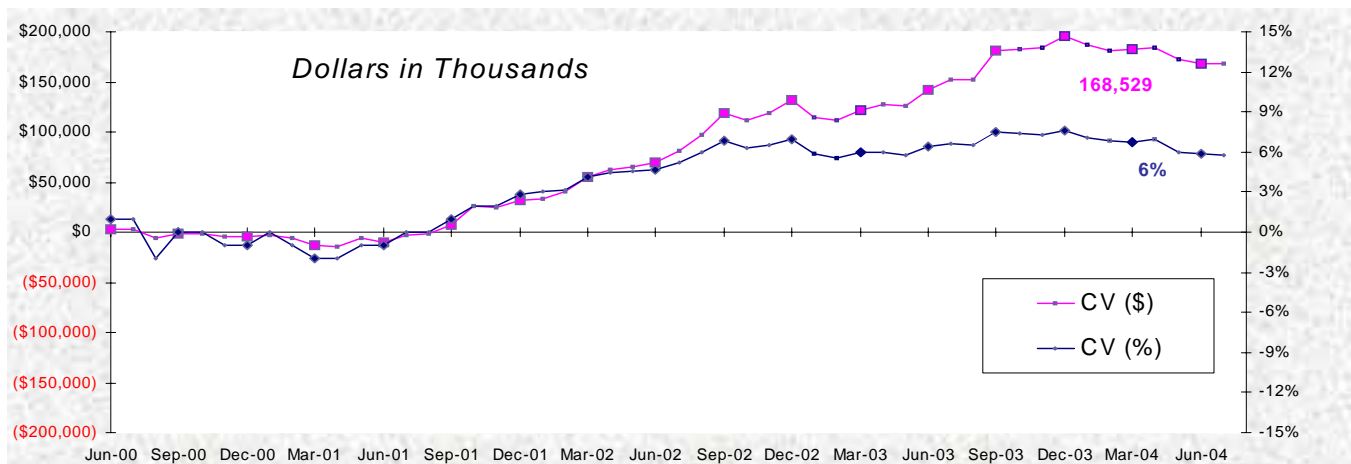
Increased disposal costs and the amount of radioactive waste for disposal have reduced the positive cost variance for waste programs and operations more than \$5M during the last month.

Cost Performance by PBD*:

Project Description		BCWP	ACWP	CV (\$)	CV (%)
1A	371 Complex Project	344,487	418,035	(73,548)	-21%
1B	707 Complex Project	208,062	224,267	(16,205)	-8%
1C	B771/774 Closure Project	228,045	238,733	(10,688)	-5%
1D	B776/777 Closure Project	203,994	200,287	3,708	2%
1E	Industrial and Site Services Project	603,329	454,231	149,098	25%
1F	Material Stewardship Project	622,398	646,095	(23,697)	-4%
1G	Remediation Project	153,792	77,070	76,722	50%
1H	Engr., Environ, Safety & Quality	178,719	159,857	18,862	11%
1J	Support Project	359,717	315,441	44,277	12%
Project Totals		2,902,544	2,734,015	168,529	6%

Includes all target fund sources: EY06, FS30, EW09, GG08, NN61 and YN01 (EW05 was recast to EY06 and FS 40 recast to FS30 beginning in FY04)

Cumulative Cost Variance Over Time



NOTE: Currently, the closure project has accumulated \$28M in non-target Site Closure (EY06) and Safeguards and Security (FS30) costs. These non-target costs are generally the result of technical direction and may eventually be considered as part of potential Requests for Equitable Adjustment, and / or will impact cost variance.

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Schedule Performance

DEFINITIONS OF ROCKY FLATS' SCHEDULE PERFORMANCE INDICATORS CAN BE FOUND IN THE GLOSSARY AT THE BACK OF THIS REPORT.



Comparative Schedule Performance

The project-level positive schedule variances reflect the contractor's continued success at accelerating workscope. The majority of accelerated activities have been in the demolition of facilities in the industrial area (PBD E), and IHSS remediations in PBD G, not on the critical path. The current critical path remains dominated by activities in Building 371 (PBD A) followed by site grading (PBD G).

Many schedule variance metrics have continued to decline during July. Although the cumulative variances remain positive, prior gains are being offset by current delays in more highly contaminated and/or more difficult decontamination, dismantlement and clean-up activities. The B776/777 project experienced a slight decline this month due to increased decontamination costs and unanticipated difficulties in the removal of the Size Reduction Vault. PBD E's positive performance in Traditional Schedule Variance was impacted this month as the sub-project experienced more contamination than expected in B444, and a lower rate of productivity in the dismantlement of B559. PBD E's Schedule Variance on PWAs is discussed under "Predetermined Work Activities".

Project		SV _{TRAD}	SV _{PWA} *	SV _{MM}	SV _{P3} +/- Days**
1A	371 Complex Project	2%	3%	5%	247
1B	707 Complex Project	4%	8%	9%	243
1C	B771/774 Closure Project	0%	-6%	-1%	-46
1D	B776/777 Closure Project	6%	34%	13%	379
1E	Industrial and Site Services Project	13%	3123%	29%	246
1F	Material Stewardship Project	2%	90%	6%	253
1G	Environmental Remediation	23%	213%	25%	246
Total Project:		5%	68%	14%	246

*These are K-H reported values. RFPO validates and reports on PWA performance quarterly, in the Total Project Report

**KH's Accelerated Working Plan



P3 Completion

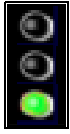
The K-H generated Estimated Completion Dates (using P³ project scheduling software), are represented below.

The critical path continues to run through B371 D&D and site grading activities. RFPO is monitoring and will continue using the original Target Date, December 15, 2006 as the estimated completion date.

PBD	Activity Description	Baseline Early Finish	Statused Early Finish
A	B371	11-Oct-06	20-Oct-05
B	B707	13-Mar-06	28-Mar-05
C	B771/774	18-Aug-04	22-Oct-04
D	B776/777	27-Oct-06	02-May-05
E	Industrial Sites	11-Oct-06	13-Sep-05
F	Material Stew.	14-Dec-06	02-Nov-05
G	ER	14-Dec-06	14-Nov-05
Total Project		14-Dec-06	14-Nov-05

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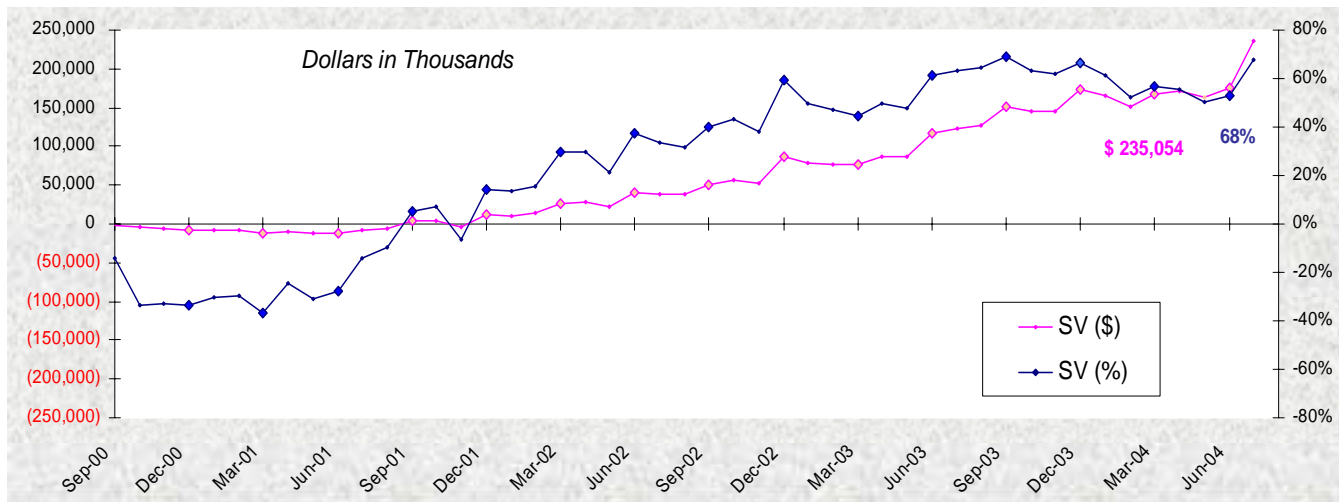
Predetermined Work Activities

SV_{PWA} (+\$235M, +68%)*

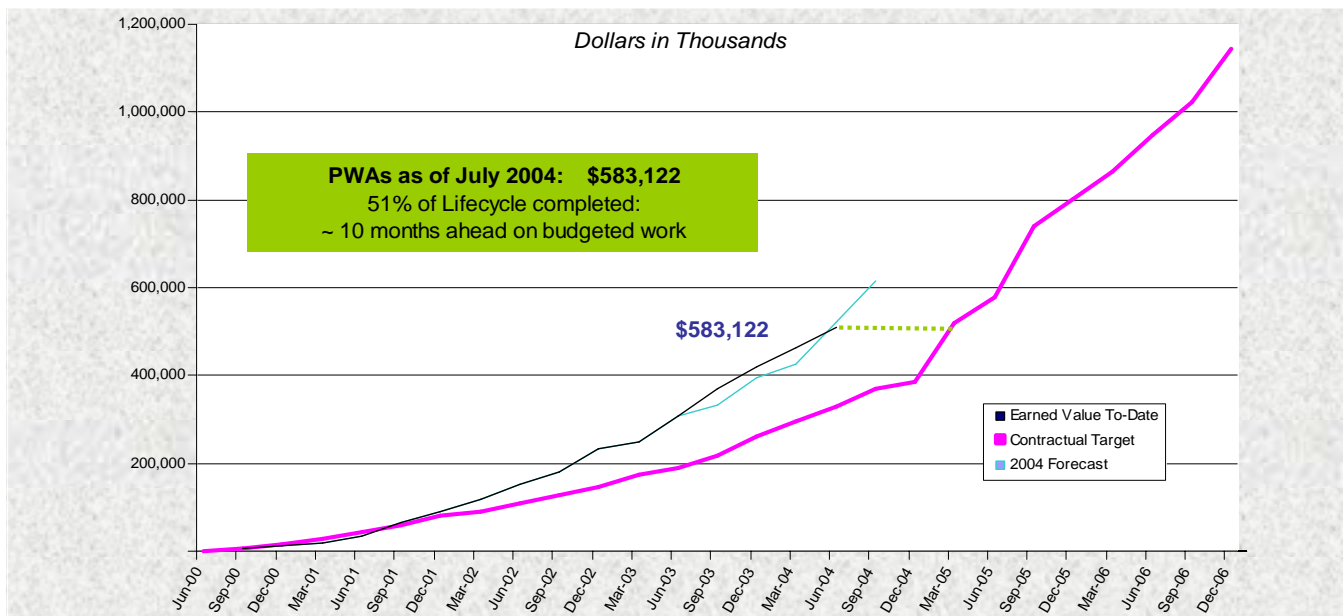
About \$18M in critical closure scope was scheduled during the month of July; about \$72M was completed. The majority of positive PWA is due to the completion of B881 and Facility Group 24 demolitions in PBD E for a combined earned value of over \$61 million. The PWA schedule variance remains highly positive, and shows that the contractor has completed 68% more critical closure work than their baseline estimate. The current BCWS for PWAs is \$348M with a lifecycle BCWS of \$1.145B. At the end of July 2004, 65% of the contract schedule had elapsed (54 out of 82.5 months), 30% of the PWA scope was scheduled for completion, and 51% (\$583M) of the PWA scope is complete.

All the sub-projects continue to maintain a positive PWA schedule variance except for the B771/774 project which did see an improvement of SV from -\$8M to -\$5M this month.

**These are K-H reported values. RFPO validates and reports on PWA performance quarterly, in the Total Project Report*



PWA Schedule: Actual against Baseline Projection



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Project Metrics

Project Metric	Contract Lifecycle Planned	CPB Planned to end of FY	FY Plan (AWA)	Actuals to Date	FY Actuals	Actuals for Month	LC Completion (CPB)	FY Completion (CPB)
Low Level Waste Disposed (m ³)	184,475	116,662	54,000	216,318	116,717	18,050	117%	Exceeded Plan to-date
Low Level Mixed Waste Disposed (m ³)	44,614	10,911	3,500	35,142	8,767	560	79%	Exceeded Plan to-date
TRU Waste Disposed (m ³)	12,355	9,688	4,600	11,825	3,611	581	96%	Exceeded Plan to-date
B371 Project Work Sets	60	33	26	34	12	2	57%	Exceeded Plan to-date
B707 Project Work Sets	99	72	16	81	13	0	82%	Exceeded Plan to-date
B771 Project Work Sets	106	106	35	90	19	6	85%	85%
B776 Project Work Sets	84	72	8	78	3	0	95%	Exceeded Plan to-date
Facilities Demolished	290	141	61	168	37	5	58%	Exceeded Plan to-date
Nuclear Facilities Decommissioned	6	2		1	0	0	17%	* 50%
Radioactive Facilities Decommissioned	54	14		25	10	2	46%	Exceeded Plan to-date
Industrial Facilities Decommissioned	317	197		229	27	3	72%	Exceeded Plan to-date
Environmental PWAs Completed	65	19	8	34	11	0	52%	Exceeded Plan to-date
Environmental Remediation Sites Completed	360	182	24	266	75	1	74%	Exceeded Plan to-date
Gloveboxes removed	1,324		277	1,340	249	50	101%	

* B771 planned 4th Quarter FY04

Key Definitions / Terms

Rocky Flats' schedule performance indicators:

All indicators (except P3) use the standard formula $SV = BCWP - BCWS$ and are measured in dollars, not time.

Performance is measured against the Life-Cycle Baseline as presented in June 2000 with minimal adjustments approved through our rigorous Change Control Process. The indicators defined below differ mainly in which budgeted costs are included in the analysis.

Traditional Schedule Variance (SV_{TRAD}): This indicator addresses schedule performance compared to plan for the entire project contracted with Kaiser-Hill. It includes all "Target" costs as defined by the contract (EW05, EW09 (formerly EW02), FS40, GG08, YN01, and NN61). It does NOT include budgeted costs for things like performance fee, technology deployment, and program (RFFO) funds. A positive variance means that, compared to the original plan, more work was accomplished than planned. A negative variance means that less work has been accomplished than planned.

Modified Milestone Schedule Variance (SV_{MM}): This schedule performance indicator is designed to focus on all the 'real' work at the site. It removes level-of-effort activities from the analysis, but adds the Technology Deployment budget. Again, the variance indicates that more work or less work was accomplished than planned.

Predetermined Work Activities Schedule Variance (SV_{PWA}): In order to best assure that the government is awarding performance fee for the accomplishment and acceleration of the most important work at Rocky Flats, our contract with Kaiser-Hill includes a list and schedule of ~900 "Predetermined Work Activities" against which performance is measured and provisional fee is paid. Generally, SV_{PWA} calculations allow for earning value only when an activity is 100% complete (all or none), unless the activity is a quantity-based measure. These activities represent critical work necessary to the timely closure of the Site, and performance is measured against the baseline schedule set out at the beginning of the contract. Although the contractor is free to realign specific work activities as they see fit, the dollar amount of work accomplished against these critical activities is expected to remain on plan to facilitate timely closure of the site.

Primavera Project Planner Schedule Variance (SV_{P3}): In contrast with the previous indicators, the P3 schedule variance is measured in units of time (days). The Primavera project scheduling software computes the longest (critical) path through the contractual work on the Project and arrives at the Stated Early Finish, (a.k.a. Estimated Completion Date). Variance is measured against the Baseline Early Finish as established in June 2000.

Orphans – Low Level Mixed Waste Orphans. Wastes which must be removed from the Site but for which no disposal / treatment path has been identified and/or approved.

D&D – Deactivation and Decommissioning. Deactivation: the process of placing a "building" in a safe and stable condition. Decommissioning: All activities that occur after deactivation. Includes decontamination and dismantlement /demolition.

PBD A – 371 Complex Project. Remaining D&D. Building demolition by October 11, 2006.

PBD B – 707 Complex Project. Remaining D&D. Building demolition by March 1, 2006.

PBD C – 771 Complex Project. Remaining D&D. Building demolition by August 4, 2004.

PBD D – 776 Complex Project. Remaining D&D. Building demolition by October 27, 2005. Removal of the slab/foundation by 4/26/06 and project completion by 10/31/06.

PBD E – Industrial / Site Services Project. The industrial and site services portion of the RISS Project, and other bldg D&D.

PBD F – Material Stewardship Project. Technical program direction and operational support for commodities, engineered services, procurement, traffic & transportation, and disposition of waste.

PBD G – Remediation Project. The Environmental Restoration (ER) Program is included in the RISS Project. The overall scope is to cleanup IHSSs, PACs, UBCs, and ground water plumes through accelerated actions under CERCLA and RFCA.

PBD H – Engineering, Environmental, Safety, Quality, and Health. Infrastructure. Includes; project management, assessment, oversight, regulatory compliance and monitoring, waste certification, technical training, Nuclear Safety and Licensing, Criticality Safety, Fire Protection, Engineering, Safety/Work Control, and Radiological Protection.

PBD J – Support Project. General Counsel & Audit (GC&A), Strategic Planning & Integration, Administration, and the K-H Executive Office.